



ARKANSAS DEVELOPMENT FINANCE AUTHORITY

423 MAIN STREET, SUITE 500 ? LITTLE ROCK, AR 72203

(501) 682-5900 ? FAX: (501) 682-5939

PROJECT NO. _____ [DESIGNATED BY ADFA]

BEGINNING FARMER LOAN PROGRAM APPLICATION

APPROVAL OF THIS APPLICATION DOES NOT CONSTITUTE FINAL APPROVAL. ADFA does have a present intention to issue its Bond to fund the Beginning Farmer's loan or sales contract. However, ADFA may refuse to complete processing of documents or reduce the permitted amount of the bond, if, prior to closing, it is discovered that the Project, in whole or in part, is ineligible for tax-exempt financing or, if, due to changes in Federal or State law or regulations, the Project should become so ineligible. A \$50 non-refundable application fee must accompany this application.

Note: If application is being submitted with respect to a partnership, a separate application must be submitted for each partner.

Part I - TO BE COMPLETED BY THE BEGINNING FARMER - Print or type all information and complete all questions.

Name _____ Spouse _____
Address _____ City _____ State _____ Zip _____
Telephone _____ (_____) _____ Age (for statistical purposes) _____

1. (a) Estimated purchase or construction price of the proposed Project: \$ _____
(b) Amount of Project cost you intend to finance: \$ _____
 - (i) Do you intend to finance the ADFA Bond Closing Fee with the Proceeds of the Bond?
Yes _____ No _____
 - (ii) If yes, please identify amount of fees: \$ _____
- (c) Amount of your down payment (if applicable): \$ _____

2. Description of anticipated use of proceeds ("Project") - Attach additional sheets is necessary

Item	Estimated Total Cost of Item	Amount to be Financed with Bond Proceeds	Actual Expected Useful Life	New	Old
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

3. Location of Project:

- (a) Give legal description by county, township, range and section numbers for land, buildings, or other immovable property; for machinery, breeding stock or other movable property give the same information with respect to the headquarters of the Beginning Farmer's farm operation: (Example: Section 26, Township 4 South, Range 3 West, Any County, AR).
-
-

- (b) Location by road from nearest town: (Example: 4 miles north of Anytown, AR on State Hwy. 75). Roads must be identified, unless they are unmarked gravel roads, then state as such.
-
-

- (c) If the project consists of the construction or acquisition of buildings, structures or other immovable properties (including remodeling of or additions to existing structures), will the Beginning Farmer (including spouse or minor children) be the sole owner of the land on which the project will be located? Yes____ No____. If no, please identify the owner(s) or co-owner(s) of the land, give the Social Security Number(s) or Federal Employer Identification Number(s) of the owner(s) or co-owner(s) and describe the length of any lease the Beginning Farmer has on such land (including any renewal options):
-
-

4. Dwelling-Does any part of the project consist of a building which has been or could be occupied as a dwelling and which is intended to be occupied as a dwelling in the future? Yes____ No____. If yes, estimated value of the dwelling (including garage or similarly related structures) \$_____

(If yes, please attach an appraisal showing present fair market value of the dwelling and related structures and the present fair market value of the remaining buildings. If time does not permit an appraisal to be obtained before the Application is submitted, an appraisal should be submitted as soon as possible thereafter. The appraisal can be a short appraisal from a lender.)

Note: A DWELLING MAY LIMIT THE ELIGIBILITY OF THE PROJECT FOR FINANCING. Consult ADFA before making an offer to buy a project containing a dwelling.

5. Seller of Project (if known): _____
Seller's Address: _____
City_____State_____Zip_____
Relationship to Beginning Farmer (if any) _____

6. Have you, your spouse, or minor children ever directly or indirectly owned any land? Yes____ No____

Note: The following are examples of indirect land ownership:

- a) ownership of a beneficial interest in a trust which in turn holds land
- b) ownership of shares in a family farm corporation which holds land
- 3) a remainder interest in land, which is subject to a life estate in another person.

IF YOUR ANSWER TO QUESTION 6 IS NO - SKIP TO QUESTION 12

7. If your answer to Question 6 is yes, was the land (while you, your spouse or minor children owned it) part of a farm? Yes____ No____

Note: The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animals and truck farms, plantations, ranches, nurseries, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities and orchards.

8. If your answer to Questions 6 and 7 are yes, please describe each parcel of land you, your spouse, or minor children presently or have previously owned by its county location, its size, the time period during which you owned it and its maximum fair market value while you owned it (if ownership is indirect, also describe the means of ownership and the total amount owed. (Example: "I have a one-fourth beneficial interest in a trust: the trust holds a total of 200 acres.)
-
-

9. If your answer to Question 7 is yes, have you, your spouse, or minor children done any of the following:
- a) performed physical work on the land? Yes____ No____
 - b) participated in management decisions about operations on the land? Yes____ No____
 - c) provided regular advice and consultation on the business operations on the land? Yes____ No____
 - d) regularly inspected production activities on the land? Yes____ No____
 - e) directly or indirectly advanced funds or paid a substantial portion of the operating expenses for operations on the land? Yes____ No____
 - f) lived on the land? Yes____ No____

If your answer to any of Question 9 (a-f) is yes, please describe the degree of your involvement in each activity, the frequency of your involvement and the length of time over which your involvement occurred. (Use additional sheets if necessary):

10. If your answer to Question 7 is yes, have you, your spouse or minor children disposed of any of the parcel of land described in Question 8? Yes____ No____
-
-

11. If your answer to Question 10 is yes, did you, your spouse or minor children recognize income, for Federal income purposes, as a result of cancellation of indebtedness with respect to any of the parcels disposed of? Yes____ No____. If yes, identify the parcel(s) with respect to which income was recognized:
-
-

12. Will you substantially provide all of the management and labor in operation of the project? Yes____ No____. If no, explain who will be providing substantially all of the management and labor and what your role and responsibilities with respect to the farm will be:_____

Answer Questions 13 and 14 if your proposed Project involves acquisition of breeding stock.

13. Have any of the female animals to be acquired ever given birth? Yes____ No____

14. Have any of the male animals to be acquired ever been put to use for breeding purposes? Yes____
No____

Answer Question 15 if your proposed Project involves the acquisition of property other than land or livestock (such as machinery, equipment, building or other structures).

15. Have you, your spouse or minor children ever previously received tax-exempt financing of any kind with respect to "used" property other than land? Yes____ No____

If yes, describe each "used" item, including the dollar amount of each item's purchase price which was financed with tax-exempt financing (attach additional sheets if necessary):

Note: "Used" property is subject to limitations as to eligibility for financing (amount is not to exceed \$62,500). Consult ADFA before committing yourself to buying "used" property.

16. Will any portion of the Project be used in connection with a farm partnership, Farm Corporation, or other formal or informal joint farming venture? Yes____ No____. If yes, explain.

**Part II - TO BE COMPLETED BY BEGINNING FARMER TOGETHER WITH THE
LENDER, CONTRACT SELLER OR OTHER INVESTOR, WHICHEVER IS
APPLICABLE**

1. Application fee (\$50) submitted herewith: Yes____ No____

(Check made payable to the Arkansas Development Finance Authority)

2. Proposed loan or contract terms:

a) Interest Rate: Fixed ____% Variable ____%

If variable rate, the formula used will be: (Example: 80% of bank's prime rate, such as of this date is ____% adjusted annually):_____

b) Total Term: _____ years

c) Repayment

(i) Frequency (choose one): Monthly ____, Quarterly ____, Semi-annually ____, Annually ____,

Other (specify)_____;

(ii) Amount (choose one): \$_____ (principal) plus \$_____ (interest),

 \$_____ (principal and interest),

(iii) Balloon: Yes____ No____ Amount of balloon

\$_____

(Please contact ADFA if a balloon on loan is proposed)

(iv) Call options as follows: _____

d) Would a loan or contract for this project and borrower have been made if there had been an opportunity to lower the interest rate? Yes____ No____

e) If the answer to 2d is yes, what interest rate would you have used? _____%

CERTIFICATION OF BEGINNING FARMER

In submitting this Application, I, the undersigned Beginning Farmer, have read the following statements and hereby certify and agree that:

1. The Project will be located within the state of Arkansas, True ____ False ____
2. I have sufficient education, training or experience in the type of farming for which this Bond is requested. True ____ False ____ (Attach a background letter describing the education, training or experience of you and your spouse as it relates to farming.)
3. The Project (if Agricultural Land or Agricultural Improvements) shall be used only for farming by myself, my spouse and/or minor children. True ____ False ____
4. No other person or entity (other than my spouse and/or minor children) will be a principal user of any part of the Project under any formal or informal arrangement or agreement. True ____ False ____ If false, please identify the user and describe the part and amount of use of the Project:

Note: Occasional or casual use of part of the Project by a neighbor or relative will not make such a person a principal user; however, a person who is leasing the land to the Beginning Farmer, or is a co-owner of such land, upon which any immovable portion of the Project is being constructed may be considered a principal user of the Project under Federal law.

5. Neither I, my spouse and/or minor children nor any Related person to us, as defined below, has (1) previously received tax-exempt financing from ADFA or any other source for any kind of project or (2) been an owner or a principal user at any time of any other project or facility located in any state which has been financed with tax-exempt bonds except for the following: (Write "None" or describe project and both the original and current principal balances of the tax-exempt Bonds outstanding with respect to the project. If an ADFA Bond, please list Project No.):

Note: "Related Person" as defined in Section 144(a)(3) of the Internal Revenue Code includes, among other persons: a father, mother, brother, sister, grandparent, grandchild, spouse or child, or a partnership or corporation in which the applicant or any of the foregoing relatives, individually or together, have more than a 50% interest.

6. If any other principal user of any part of the Project is named in Question 4 above or any lessor or co-owner of land upon which part of the project will be constructed is named in Question 3(c) of the first part of the Application, then to the best of my knowledge, neither such users, lessors, or co-owners nor any Related Persons to them, as defined above had been an owner or a principal user at any time of any other project or facility located in any state which has been financed with tax-exempt bonds, except for

the following (write "None" or describe project and both the original and current principal balances of the tax-exempt bonds outstanding with respect to the Project:

Note: Federal tax law imposes a \$250,000 lifetime limit on the amount of tax-exempt financing for land and depreciable farm property which can benefit any one person, business entity or group of Related Persons, as defined above. Application of this limit is easily triggered. If you, your spouse, minor children, your landlord, co-owner of your land, or any one else who will be a user of your Project, or a Related person (as defined above) to any of these persons, has previously received tax-exempt financing of any kind, please describe it below or on a separate sheet and immediately notify the Authority:

7. None of the proceeds of the Bond shall be used for the refinancing or restructuring of any existing indebtedness in whole or in part, working capital, operating purposes or for inventory or supplies for the Beginning Farmer or any Related person, as defined above. True ____ False ____
8. I have or will have access to adequate working capital, farm equipment, machinery or livestock (if the Bond is to be used for the acquisition of Agricultural Land) and I have or will have access to adequate working capital and Agricultural Land (if the Bond is to be used for the acquisition of Depreciable Agricultural property). True ____ False ____
9. I agree that the Bond may not be assumed by another person without the prior approval of ADFA and then only if the purchaser of the property is an eligible applicant for an ADFA Bond. I presently plan to retain the property financed for the term of the Bond; however, I understand that equipment and other depreciable property may be exchanged or traded in on similar property, and other property such as breeding livestock may be added or substituted as collateral at the discretion of the Bond Purchaser without prior approval of ADFA. I also understand that the benefits of the Bond must be retained by myself, and no person to whom property is traded or otherwise transferred may obtain the benefits of the ADFA Bond. True ____ False ____
10. Neither I, nor any Related Person (as described above), have commenced any acquisition or construction of any part of the Project to be financed with the proceeds of the Bond, and neither I, nor any Related Person, have entered into any contract or purchase agreement, installment or otherwise, in connection with the construction or acquisition of the Project or any part thereof, or commenced on-site fabrication, or acquisition of any portion of the Project. True ____ False ____ If false, explain: _____
11. I understand and agree that a non-refundable application fee shall be submitted with this application and that a Bond closing fee shall be submitted to ADFA at the time of closing; such fees may be paid from Bond proceeds and will be used by ADFA to pay expenses associated with the administration of the Beginning Farmer Loan Program. True ____ False ____

All of the information I have provided in the application is true and complete.

Date

Signature of Beginning Farmer

Date

Signature of Beginning Farmer's Spouse